



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

May 3, 2011

Senator Lois Wolk
State Capitol
Sacramento, CA 95814

RE: OPPOSE SB 342 (Wolk)

Dear Senator Wolk:

I am writing to express my opposition to your SB 342.

SB 342 is an attempt to restrict taxpayers from working with tax consultants who may assist them in amending previous returns. Your measure would prohibit contingency fees for services rendered in connection with matters before the Board of Equalization, Franchise Tax Board, assessment appeals board or other matters involving tax.

California's tax laws are burdensome and confusing to many taxpayers. It is easy for them to miss all of the tax benefits to which they might be legally entitled. This measure would particularly disadvantage small businesses, which, apart from tax consultants willing to work on contingency, might not be able to afford the assistance of professionals working on their behalf.

Interestingly, California's tax agencies are embracing a strikingly similar strategy as they seek to upgrade their aging legacy systems. They are currently pursuing performance-based contracts where the payments to the private contractors are contingent upon the anticipated increase in revenue when the system becomes operational.

Performance-based contracts can be strategic for government entities, especially during difficult economic times. It makes absolutely no sense to take this same opportunity away from taxpayers who might wish to benefit from similar arrangements.

For the reasons expressed I must regretfully oppose SB 342.

Sincerely,

Senator George Runner, Member
California State Board of Equalization

GR:lc

cc: Senate Judiciary Committee
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